



STATUS REPORT ON THE USE OF PERFORMANCE MEASURES  
FOR NATURAL RESOURCE-RELATED GRANT AND LOAN PROGRAMS

## Executive Summary

This report describes the progress of designated state agencies in meeting the requirements of a state law enacted in 2001 requiring agencies to incorporate outcome-based performance measures in the administration of 18 natural resource-related and environmentally-based grant and loan programs contained in the state capital budget.

Under HB 1785 (Chapter 227, Laws of 2001), OFM is required to provide a report to the appropriate legislative committees regarding state agencies' implementation of the act including any necessary changes in current law and funding requirements.

Natural resource-related agencies under the law's purview include the departments of Ecology, Natural Resources, and Fish and Wildlife, the State Conservation Commission, the Interagency Committee for Outdoor Recreation, the Salmon Recovery Funding Board, and the Public Works Board within the Department of Community, Trade and Economic Development.

Programs examined in this report include the Conservation Reserve Enhancement Program, the Dairy Nutrient management grant program; the State Conservation Commission Water Quality Grant Program; the Department of Ecology's coordinated prevention grants, public participation grants and remedial action grants; water pollution control facilities financing; habitat grants under the Washington Wildlife and Recreation Program; salmon recovery grants; the Public Works Trust Fund; and programs administered by the Department of Fish and Wildlife related to the protection or recovery of fish stocks funded in the capital budget.

### State Agency Progress

In general, state agencies are making good progress in incorporating performance measures in their natural resource related grant and loan programs. Progress varies not only among but also within agencies. While some agencies have fully incorporated performance measures into the next grant cycle, others are requiring performance measures but not using these measures to make grant and loan decisions in the current cycle. What is learned from these trial measures will be used to make improvements in the next grant cycle, at which time actions will be adopted on a permanent basis.

Other programs however, are just beginning the process of incorporating performance measures into their work. Factors influencing agency success in incorporating measures include historical use of performance measures, statutory requirements, timing of grant and loan cycles, and stakeholder expectations for each individual grant and loan program.

### **Stakeholder Interactions**

The majority of agency programs have met with stakeholder groups to explain the requirements of HB 1785, and have incorporated their concerns and comments into meeting the performance-measures requirements. For the most part, stakeholders understand the rationale for the new requirements, but they are understandably concerned about how these changes will affect their ability to obtain grant and loan funding. Stakeholders are very concerned that funding for performance measures will take funds away from existing grants and loans. It will take more time and actual experience with implementing the requirements of HB 1785 before stakeholders can become comfortable with the changes now being undertaken.

### **Barriers**

Although agencies are making progress, there are several barriers to incorporating performance measures into grant and loan programs. The greatest barrier identified by state agencies is cost. Implementing performance measures takes additional staff and funding to collect and analyze data. Data systems also need to be developed or enhanced to make data available. The costs to project applicants of implementing performance measures are also significant. Many agencies are awaiting the recommendations of the Monitoring Oversight Committee for a watershed health monitoring system before making significant new investments in monitoring systems. Once these recommendations are completed by December 2002, state agencies and grant recipients will be in a much better position to take a more coordinated approach to environmental monitoring.

Although some programs have enough flexibility within existing funding, others may require additional funding to make meaningful progress in the use of performance measures. To date, agencies have generally not developed specific estimates of additional funding requirements. Statutory changes may also be necessary for a limited number of programs to allow the use of administrative funds for project monitoring.